

(d) whether the deficit has increased rather than reduced; and

(e) if so, the main reasons therefor and the steps the Government propose to take to achieve the aim of deficit financing ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) to (e) Government resorts to additional borrowing for meeting the gap between the total expenditure and its non-debt receipts. This component represents the fiscal deficit. The fiscal deficit for 1996-97 (BE) has been kept at Rs. 62266 crore which works out to 5% of GDP. The F.M. in his budget speech for 1996-97 had indicated that he hoped to do better in the next budget and move along the path of reducing the fiscal deficit to below 4% ever a period of time.

The variations, if any in the current financial year will be indicated in the forthcoming budget.

RBI Guidelines for Stopping Securities Scam

92. SHRI B. L. SHANKAR : Will the Minister of FINANCE be pleased to state :

(a) the details of the guidelines/instructions issued by the RBI/Union Government to all scheduled and nationalised banks to prevent the recurrence of the securities scam type cases during the last three years;

(b) the number of cases of bank scams took place involving more than Rs. 10 lakhs and above after the issuance of the above guidelines during the last three years ending on 31 March, 1996, year-wise;

(c) the amount involved in these cases; and

(d) the action taken against the guilty persons in this regard ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) For prevention of frauds and irregularities in public sector banks, steps have been taken for strengthening the internal control and audit systems. Board level Management Committees and Audit Committees have been set up. Public sector banks have also been advised by the RBI to appoint concurrent auditors at their large and extra large branches with a view to detect non-adherence to laid-down procedures and prevent irregularities and frauds, if any, without loss of time. All public sector banks have vigilance machinery which is responsible for preventive and detective steps so as to prevent frauds.

RBI constantly reviews the working of internal inspection and vigilance machinery of banks. RBI has also issued comprehensive guidelines for strengthening the control mechanism in banks. It also carries out a review of fraud cases on a continual basis advising the banks of *modus operandi* in ingenious cases along with required safeguards to prevent their recurrence, proper training of operational personnel and investigations and scrutiny into reported cases of major frauds. RBI also conducts snap inspections of systems and procedures and control arrangements in fraud

prone areas. In addition to on-site inspections which are conducted at prescribed intervals, RBI have put in place the mechanism of off-site monitoring system to enable improved supervision. In order to exercise integrated supervision over the financial system, the Board for Financial Supervision (BFS) with its Advisory Council was constituted in 1994.

(b) to (d) The information readily available relating to total number of frauds detected in public sector banks, amount involved and action taken against the delinquent employees for frauds during 1993, 1994 1995 & 1996 (upto March) is given below :

	1993	1994	1995	1996 (upto March)
1. No. of frauds	2213	2266	1890	454
2. Amount involved (Rs. in crores)	320.32	200.08	115.51	23.73
		+ Uganda Sh.	9844000	
3. No. of employees convicted	57	50	33	05
4. No. of employees awarded major/ minor penalties	874	1248	1160	307
5. No. of employees dismissed/dis- charged/removed	312	360	301	78

[Translation]

Loan By LIC

93. SHRI VISHVESHVAR BHAGAT : Will the Minister of FINANCE be pleased to state :

(a) whether the loan amount provided by Life Insurance Corporation for various districts for water supply and sewerage disposal schemes is even below 50 per cent of the sanctioned cost due to the process adopted therefore;

(b) whether the LIC does not provide any loan to meet the increased cost of the said schemes;

(c) if so, whether the LIC will provide 70 percent amount of the sanctioned cost as loan in the cities having population of more than 20,000 for the water supply and sewerage disposal schemes; and

(d) if so, the details thereof ?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) LIC adopts graded pattern of financing water supply and sewerage schemes depending upon the cost of the schemes. For the schemes costing upto Rs. 5 crores, LIC provides funds to the extent of 50% to 60% of the cost and, for schemes costing more than Rs. 5 crores, the LIC loan component will be reduced on graded basis and is below 50%. This pattern is adopted with a view to funding a large number of schemes.

(b) LIC's policy is to consider financing overrun only